MM

FOR MYSORE STATE

Dev (1950) Department.

MM SERIES.

G.O. No. 2763

Dated 14-7-50

6/

[Despatch Abstract.]

G.O.No.2763/14-7-50 Budget - Central - Incurring of expenditure not provided for in budget - Instructions from Govt.of India - Communicated to Registrar of Joint Stock Companies.

No.50(28)-Law(CL)/50
Government of India,
Ministry of Commerce.

NEW DELHI, the 1st July, 1950.

From

A.T. Basu, Esquire,
Under Secretary to the Govt. of India.

To

The Secretary,
to the Government of Madras,
Madras.

Sir,

I am directed to enclose herewith copies of the papers noted in the margin containing instructions

1. Ministry of Finance Office Memorandum No.F.2(5)-B/50 dated 29th May 1950.	in regard to incurring of expenditure not provided for in the budget. These may
2. Ministry of Commerce Office Order No.13-E(9)/50 dated 9th June,1950.	

please be forwarded to the Registrar of Joint Stock Companies for information and guidance.

Yours faithfully,

Sd/ A.T. Basu.
(A.T, Basu)
Under Secretary to Government of India.

Copy of Office Memorandum No.F2(5)-B/50 dated the 29th May 1950, from the Ministry of Finance, New Delhi, to all Ministeries of the Government of India, etc. etc.

*****

Sub: Incurring of expenditure not provided for in the budget.

The Government of India have had under consideration for some time the procedure to be followed if during the course of the year it becomes necessary to incur expenditure on a new service not provided in the budget or to incur additional expenditure on some service in excess of the provision voted by or authorised by Parliament. The Constitution provides for the setting up of a Contingency Fund to meet this contingency, advances being made from the Fund to cover such expenditure pending its authorisation in due course by Parliament. But until such a fund is set up some transitional arrangements will be necessary and it has been

decided that the following procedure should be adopted.

(a) Ordinarily, no expenditure should be incurred on a 'new service' in anticipation of the approval of Parliament and the authorisation by it of the necessary funds. This restriction will apply even if this expenditure could be met by re-appropriation.

(b) Similarly, no expenditure which is likely to involve an excess over the grant authorised by Parliament should be incurred in anticipation of Parliament's approval. But in urgent cases, such expenditure may be sanctioned provided it is not on a 'new service' but steps should be taken to see that the grant as a whole is not exceeded before the necessary supplementary funds are provided by Parliament. Steps should be taken to obtain the supplementary grant as early as possible. The effect of the supply being refused will be to compel the executive to curtail the expenditure in the remaining months of the year so as to keep the total expenditure within the amount authorised.

(c) When new expenditure is incurred which will be specifically met from savings it is not necessary that the reappropriation should be made before the expenditure is incurred. It will be sufficient if it is made any time before the close of the financial year.

-True copy-

RR.26.8

No.13-E(9)/50
Government of India,
Ministry of Commerce,

****

New Delhi, the 9th June, 1950

OFFICE ORDER.

The provisions of the Constitution require that no expenditure shall be made from the Consolidated Fund of India unless authorised by an Appropriation Act. It has, therefore, become essential that controlling officers should ensure that expenditure does not exceed the voted grant as the Finance Ministry would not agree to any proposal which has the effect of exceeding that grant without the previous approval of the Standing Finance Committee. If in any, case it is found that the voted grant is likely to be exceeded or that it is necessary to proceed with a proposal on grounds of 'inescapability' but for which there is no provision in the grant, the matter will have to be placed before the Standing Finance Committee in accordance with the usual procedure. This entails a very strict, careful and continuous watch over expenditure against the sanctioned budget grant as also early initiation of action regarding obtaining of supplementary grant if that becomes inescapably necessary. The following procedure has therefore been devised in order to keep a check over the progress of expenditure.

2. (a) The Budget provision for the Ministry proper falls under the following heads:

1. Pay of officers.
2. Pay of Establishment
3. Allowances, honoraria etc.
4. Other charges.
5. Lump provision for re-organisation

and expenditure under each of these heads is to be watched as indicated below.

(b) Pay of officers and pay of establishment:- As soon as any proposal entailing extra expenditure not covered by the budget grant materialises, the Establishment Branch will take appropriate steps to get the sanction of the Finance Ministry for that extra expenditure provided it cannot be met from the sanctioned budget grant. The Controlling Officer will also keep an eye over the progress of expenditure under these two sub-heads in order to scrutinise that there is no dis-proportionate expens

in any one month.

(c) Allowances, honoraria etc: This sub-head deals with-

(i) Medical expenses.
(ii)House rent.
(iii)Compensatory allowance.
(iv)Travelling allowance.
(v) Dearness allowance.

The Establishment Branch will communicate to the Cash Branch at the beginning of each financial year the amounts which have been allocated by the former under these detailed heads in the preparation of the budget. The Controlling Officer will keep a watch every month over the progress of expenditure on these items and as soon as it appears to him that the expenditure is likely to exceed the budgetary limit he will report the matter to the Establishment Officer for taking suitable steps to keep the expenditure within the sanctioned grant during the remaining part of the year. The Controlling Officer should also report to the Establishment Officer any items of unusual expenditure which have been debited against the Ministry's budget through book adjustment.

(d) Other charges: It will be the responsibility of the Controlling Officer to keep a careful watch over the expenditure under this head. The Establishment Branch will make available to the Cash Branch the allocation under various items constituting 'Other charges'.

(e) Lump provision for re-organisation:- This allocation is mainly meant for meeting expenditure on international conference for which it is not possible to anticipate expenditure at the time of the preparation of the budget. If any Branch in this Ministry sponsors any delegation for goind abroad, it will work out the ~~et~~ estimated expenditure thereon and before finalising the matter will consult the Establishment Branch as to the availability of funds. As regards any other expenditure which is likely to be incurred by the Branches debitable to the Ministry of Commerce for which no provision has been made in the budget it will be the duty of the Branch concerned to see that funds are provided to meet that expenditure. They can, however, consult the Establishment Branch before approaching the Ministry of Finance in order to explore whether the expenditure could be

met by re-appropriation etc. In no circumstances will it be permissible for any Branch to sponsor any proposal entailing expenditure not covered by the budget grant or not sanctioned by the Finance Ministry as an additional grant or a supplementary grant.

(f) Any expenditure incurredby the Branches must be intimated to the Cash Branch as and when incurred for incorporation in the Expenditure Register.

Sd/.S. Ranganathan.
Joint Secretary to the Government of India.

No.13-E(9)/50-

Copy forwarded to Finance Ministry (I & C.Division) (Mr.Roy) for information with reference to his letter No.A & B 2026-SF,dated the 13th May, 1950 to Commerce Secretary.

Copy also to all heads of attached and subordinate offices with the request that similar steps may be taken by them, if not already taken, to maintain watch over expenditure against the sanctioned budget and to ensure that any inescapable demands for expenditure is brought to the notice of Government in time.

By order, etc.

(A.T1 Basu)
Under secretary to Government.

-True copy-

RR.26.8